

## **Program D: Investment Management**

Program Authorization: Louisiana Constitution Article IV, Section 9, R.S. 36:761C, R.S. 49:307.

### **Program Description**

The mission of the Investment Management Program (organizationally expressed as the Office of State Depository Control and Investments) is to invest the funds deposited in the State Treasury in a prudent manner, consistent with the cash needs of the state and the directives of the constitution and statutes, and within the guidelines and requirements of various funds under management. This involves:

- The authorized investments; maturity; and interest rates of the state's General Fund. The Treasury is responsible to provide a reasonable return on the investment of the state's funds while, at the same time, fostering the economy of the state by maintaining a reasonable proportion of funds on deposit with in-state financial institutions.

- The investment authority of the state treasurer in managing the Louisiana Education Quality Trust Fund (LEQTF) (also known as the 8g Fund). The Treasury is responsible for growing the principal portion of the Permanent Fund and providing a stable flow of income from the investments to the LEQTF beneficiaries, the Board of Elementary and Secondary Education and the Board of Regents.

- The security required for deposit of state funds. The Treasury has the responsibility to determine if the types and amounts of securities that collateralize the deposits of state funds meet all requirements as statutorily determined.

The goal of the Investment Management Program is to invest monies deposited in the State Treasury in a prudent manner, consistent with the daily cash needs of the state, the directives of the Louisiana Constitution and the state legislature, and within the guidelines and requirements of the various funds under management. The Investment Management Program maintains several investment portfolios (each with differing characteristics) that, in combination, average \$2.70 billion, and annually manages approximately \$345 million in certificates of deposit in financial institutions throughout the state.

## RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 2000-2001	ACT 12 2001-2002	EXISTING 2001-2002	CONTINUATION 2002-2003	RECOMMENDED 2002-2003	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$172,462	\$212,527	\$212,527	\$246,161	\$130,309	(\$82,218)
STATE GENERAL FUND BY:						
Interagency Transfers	0	32,000	32,000	32,000	893,535	861,535
Fees & Self-gen. Revenues	459,182	407,420	407,420	408,591	466,420	59,000
Statutory Dedications	364,367	705,700	705,700	711,360	1,476,800	771,100
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	<b>\$996,011</b>	<b>\$1,357,647</b>	<b>\$1,357,647</b>	<b>\$1,398,112</b>	<b>\$2,967,064</b>	<b>\$1,609,417</b>
EXPENDITURES & REQUEST:						
Salaries	\$299,190	\$331,701	\$331,701	\$341,430	\$311,162	(\$20,539)
Other Compensation	10,546	4,000	4,000	4,000	4,000	0
Related Benefits	43,202	56,033	56,033	67,030	57,274	1,241
Total Operating Expenses	45,224	58,515	58,515	59,686	55,836	(2,679)
Professional Services	0	0	0	0	0	0
Total Other Charges	597,557	907,398	907,398	907,398	2,538,792	1,631,394
Total Acq. & Major Repairs	292	0	0	18,568	0	0
TOTAL EXPENDITURES AND REQUEST	<b>\$996,011</b>	<b>\$1,357,647</b>	<b>\$1,357,647</b>	<b>\$1,398,112</b>	<b>\$2,967,064</b>	<b>\$1,609,417</b>
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	5	5	5	5	5	0
Unclassified	1	1	1	1	1	0
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>0</b>

## SOURCE OF FUNDING

This program is funded with State General Fund, Interagency Transfers, Fees and Self-generated Revenues and Statutory Dedications. Interagency Transfers are funded by fees collected from agencies that receive central depository banking services provided by the Treasurer. Fees and Self-generated Revenues are funded by Securities Lending Program fees received from investment income on certain debt obligations of the Federal Government. Statutory Dedications are funded by the Louisiana Education Quality Support Fund to administer the equity investment program, the Medicaid Trust Fund to administer the investment and custodial services for the fund, and the Millenium Trust Fund to administer the investment program.

	<b>ACTUAL</b>	<b>ACT 12</b>	<b>EXISTING</b>	<b>CONTINUATION</b>	<b>RECOMMENDED</b>	<b>RECOMMENDED</b>
	<b>2000-2001</b>	<b>2001-2002</b>	<b>2001-2002</b>	<b>2002-2003</b>	<b>2002-2003</b>	<b>OVER/(UNDER)</b>
						<b>EXISTING</b>
Louisiana Education Quality Trust Fund	\$364,367	\$705,700	\$705,700	\$705,700	\$705,700	\$0
Millenium Trust Fund	\$0	\$0	\$0	\$0	\$771,100	\$771,100
Deficit Elimination Fund	\$0	\$0	\$0	\$5,660	\$0	\$0

## MAJOR FINANCIAL CHANGES

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$212,527	\$1,357,647	6	ACT 12 FISCAL YEAR 2001-2002
			BA-7 TRANSACTIONS:
\$0	\$0	0	None
\$212,527	\$1,357,647	6	EXISTING OPERATING BUDGET - December 20, 2001
\$2,453	\$2,453	0	Annualization of FY 2001-2002 Classified State Employees Merit Increase
\$4,107	\$4,107	0	Classified State Employees Merit Increases for FY 2002-2003
(\$14,134)	(\$14,134)	0	Salary Base Adjustment
(\$12,965)	(\$12,965)	0	Attrition Adjustment
(\$2,679)	(\$2,679)	0	Other Adjustments - Reduction in Travel to 50%
\$0	\$1,632,635	0	New and Expanded Adjustments - investment management fees related to the investment of the Millenium Trust Fund and the Medicaid Trust Fund for the Elderly
\$189,309	\$2,967,064	6	TOTAL RECOMMENDED
\$0	\$0	0	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS
\$189,309	\$2,967,064	6	BASE EXECUTIVE BUDGET FISCAL YEAR 2002-2003
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$0	\$0	0	None
\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
\$189,309	\$2,967,064	6	GRAND TOTAL RECOMMENDED

## **PROFESSIONAL SERVICES**

This program does not have funding recommended for Professional Services for Fiscal Year 2002-2003.

**OTHER CHARGES**

\$92,715	Securities Market: access to live data on securities and equities market
\$90,058	Louisiana Education Quality Trust Fund: custodial services for the 8(g) Fund; both permanent and support funds
\$705,700	Louisiana Education Quality Trust Fund Equity Investments: equity investment management for the 8(g) Fund
\$16,365	Louisiana Education Quality Trust Fund Security Pricing: funding for market valuations of securities held by Treasury as collateral for deposits in state banks and to provide market evaluations for securities held in investment portfolios
\$771,100	Millenium Fund investment management
\$861,535	Medicaid Trust Fund investment management
<b>\$2,537,473</b>	<b>SUB-TOTAL OTHER CHARGES</b>
	<b>Interagency Transfers:</b>
\$1,319	Division of Administration, Uniform Payroll System and Civil Service cost of services
<b>\$1,319</b>	<b>SUB-TOTAL INTERAGENCY TRANSFERS</b>
<b>\$2,538,792</b>	<b>TOTAL OTHER CHARGES</b>

## **ACQUISITIONS AND MAJOR REPAIRS**

This program does not have funding recommended for Acquisitions and Major Repairs for Fiscal Year 2002-2003.